

Subpart 203.7—Voiding and Rescinding Contracts

203.703 Authority.

The authority to act for the agency head under this subpart is limited to a level no lower than an official who is appointed by and with the advice of the Senate, without power of redelegation. For the defense agencies, for purposes of this subpart, the agency head designee is the Under Secretary of Defense (Acquisition, Technology, and Logistics).

[56 FR 36288, July 31, 1991, as amended at 60 FR 61592, Nov. 30, 1995; 65 FR 39704, June 27, 2000]

Subpart 203.70—Contractor Standards of Conduct

203.7000 Policy.

Government contractors must conduct themselves with the highest degree of integrity and honesty. Contractors should have standards of conduct and internal control systems that—

- (1) Are suitable to the size of the company and the extent of their involvement in Government contracting,
- (2) Promote such standards,
- (3) Facilitate timely discovery and disclosure of improper conduct in connection with Government contracts, and
- (4) Ensure corrective measures are promptly instituted and carried out.

203.7001 Procedures.

(a) A contractor's system of management controls should provide for—

- (1) A written code of business ethics and conduct and an ethics training program for all employees;
- (2) Periodic reviews of company business practices, procedures, policies, and internal controls for compliance with standards of conduct and the special requirements of Government contracting;
- (3) A mechanism, such as a hotline, by which employees may report suspected instances of improper conduct, and instructions that encourage employees to make such reports;
- (4) Internal and/or external audits, as appropriate;

(5) Disciplinary action for improper conduct;

(6) Timely reporting to appropriate Government officials of any suspected or possible violation of law in connection with Government contracts or any other irregularities in connection with such contracts; and

(7) Full cooperation with any Government agencies responsible for either investigation or corrective actions.

(b) Contractors who are awarded a DoD contract of \$5 million or more must display DoD Hotline Posters prepared by the DoD Office of the Inspector General unless—

- (1) The contract will be performed in a foreign country; or
- (2) The contractor has established an internal reporting mechanism and program, as described in paragraph (a) of this section.

203.7002 Contract clause.

Use the clause at 252.203–7002, Display of DoD Hotline Poster, in solicitations and contracts expected to exceed \$5 million, except when performance will take place in a foreign country.

PART 204—ADMINISTRATIVE MATTERS

Subpart 204.1—Contract Execution

Sec.

204.101 Contracting officer's signature.

Subpart 204.2—Contract Distribution

204.201 Procedures.

204.203 Taxpayer identification information.

Subpart 204.4—Safeguarding Classified Information Within Industry

204.402 General.

204.404 Contract clause.

204.404–70 Additional contract clauses.

Subpart 204.6—Contract Reporting

204.670 Contract action reporting requirements.

Subpart 204.8—Contract Files

204.802 Contract files.

204.804 Closeout of contract files.

204.804–1 Closeout by the office administering the contract.